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ABSTRACT

With the exception of programs for the handicapped and vocational education, most of the federal legislation authorizing educational expenditures will expire before October 1, 1978; the 95th Congress therefore faces major decisions on aid to elementary and secondary education. This paper analyzes the fiscal and educational effects of various policy choices before Congress and the interrelationships between those choices. In particular, the author examines the current federal role in elementary-secondary education; the effects of the current federal role on state and local agencies, the federal budget, and the students served by federal programs; and the costs and consequences of some major policy alternatives that Congress might pursue. Included throughout the paper are numerous tables that present fiscal data on current federal educational programs and project the cost of current federal programs and various alternative programs for the fiscal years 1978-1982. (Author/JG)

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Elementary, Secondary, and Vocational Education: An Examination of Alternative Federal Roles

January
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Congressional Budget Office
Congress of the United States
Washington, D.C.

ELEMENTARY, SECONDARY, AND VOCATIONAL EDUCATION: AN EXAMINATION OF ALTERNATIVE FEDERAL ROLES

The Congress of the United States
Congressional Budget Office

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PREFACE

The 95th Congress will have the opportunity to reconsider the programs, budget targets, and funding levels that form the federal commitment to elementary and secondary education at a time when the present legislation (the Elementary and Secondary Education Act of 1965, as amended) nears expiration on September 30, 1978. The Members will make these choices with an awareness of continuing social concern for quality education, now being expressed, for example, in the debates over declining college entrance exam scores; in the demand for day care and preschool services; and in the proposal for school finance reform within states. The analysis in this Budget Issue Paper examines the fiscal and educational effects of various choices and their interrelationships.

This report, one of the Congressional Budget Office's Budget Issue Papers related to social programs, was prepared by Steven Chadima of the Human Resources Division under the supervision of David S. Mundel and C. William Fischer. Mary Richardson Boo edited the manuscript under the supervision of Johanna Zacharias. Special thanks go to Betty Ingram of the Human Resources Division for her patience and skill throughout the production of this paper.

Alice M. Rivlin
Director

January 1977

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A number of choices influencing federal involvement in elementary and secondary education will be made during the next two sessions of Congress. Budget, appropriations, and legislative choices can dramatically alter the federal role--particularly during the reauthorization of the Elementary and Secondary Education Act (ESEA), which will expire on September 30, 1978.

The development of federal policy involves choices in three areas: the purposes of federal involvement; the instruments to serve those purposes; and the funding levels among the instruments. The choices made can have three types of effects: fiscal (where did the money go?); educational (did it improve the achievement of the recipient students?); and long-term income (do the increased achievement or skill levels reduce post-school dependency?). Data from which to estimate long-term effects have not been systematically collected, so this analysis will concentrate on the first two effects--fiscal and educational.

THE CURRENT FEDERAL ROLE AND ITS EFFECTS

Fiscal and Programmatic Responsibilities. Primary responsibility for elementary and secondary education lies with state and local agencies. Federal involvement of a limited nature has occurred only recently (largely since 1965). Historically, state and local educational agencies (LEAs) have provided general support for school operations, and the federal government has provided specific types of aid or funded specific supplementary programs that are operated by local school districts or the states. On average, local agencies finance about 52 percent of educational expenditures, the states about 40 percent, and the federal government about 8 percent. It is important to note that the federal contribution of about 8 percent has never been a stated objective of the Congress. Rather, it is the result of individual decisions about a variety of programs enacted at different times and for different purposes.

General Purposes. Currently funded federal programs in elementary-secondary education serve four general purposes. As illustrated in the following table, nearly two-thirds (65.5 percent, or $3.9 billion) of the approximately $6 billion in fiscal year 1977 appropriations for elementary-secondary education were for programs that support selected services for specified types of students. The major programs of this type are Title I of ESEA (compensatory education), bilingual education, education for the

FEDERAL ELEMENTARY-SECONDARY EDUCATION PROGRAMS AND FISCAL YEAR 1977 APPROPRIATIONS TO DATE BY MAJOR PURPOSE, IN MILLIONS OF DOLLARS

To Support Selected Curricula, Resources, or Services			
For Specified Types of Students		For General Student Population	
ESEA Title I	$2,285	Vocational education c/	$448
Ed. for the handicapped	468 a/	Libraries and learning resources (K-12 part)	154
Voc. ed. set-asides and special programs	123 b/	Misc. curricula support (environmental, energy, science, ethnic heritage, etc.)	23
Emergency school aid	275	Special projects and training	48
Bilingual ed.	115		
Indian ed. (O.E.)	45		
Head Start	475		
Other ESEA	85		
TOTAL: $5,910	3,871		673
(Percent)	(65.5%)		(11.4%)

a/ Includes special education manpower development and preschool incentive grants; does not include innovation grants (included elsewhere).

b/ Estimated.

c/ Includes only 1976-1977 school year funds for vocational education minus special set-asides; includes adult education; appropriations for certain parts deferred due to lack of authorizing legislation.

To Provide General Financial Support			To Support Research, Change, and Innovation	
For Specified Types of Districts		Untargeted Aid		
Impact aid	$793		Support and innovation grants	$194
BIA Indian schools	$249	d/	Various planning, research, and innovation grants	40
			National Institute of Education	90 b/
	1,042 (17.6%)	—		324 (5.5%)

d/ At present, no federal program provides unrestricted direct aid for education. However, nearly $1.6 billion in unrestricted transfers to general purpose governments will be expended on elementary-secondary education in fiscal year 1977, including an estimated $1,435 million in general revenue sharing funds, $53 million of the federal payment to the District of Columbia, and $100 million of the state share of lease payments made by private firms for the use of federal lands.

handicapped, the Emergency School Aid Act (desegregation assistance), and the Head Start preschool program. The second largest percentage (17.6 percent, or $1.04 billion) provides general financial support to certain school districts that the federal government impacts or for which it is responsible. The two major programs in this category are Impact Aid (aid to districts affected by federal operations) and school operations supported by the Bureau of Indian Affairs. Another 11.4 percent of the total ($673 million) aids programs that support selected services for all students who choose to use them. The major programs of this type are vocational education and school libraries and instructional resources. The remaining 5.5 percent of the budget (about $324 million) supports research, change and innovation through grants and other programs.

At present there are no federal programs providing unrestricted aid for education. However, nearly $1.6 billion in federal funds transferred to state and local governments will be expended in fiscal year 1977 on elementary and secondary education programs. These funds, unrestricted in their use, are derived from general revenue sharing, the federal payment to the District of Columbia, and the state share of lease payments made by private firms using federal lands. While none of these programs mandates support of education, their existence clearly aids the financing of basic educational services.

Fiscal Effects. Where federal money for education ends up depends largely on the program through which it flows. Because of the dominance in the federal budget of compensatory programs for disadvantaged students (ESEA Title I), the largest portion of federal funds goes to districts with low median family incomes and to urban and rural, rather than suburban, areas. Impact Aid funds go largely to low property wealth districts and to suburban areas. Vocational education funds, which are distributed by the states, more often aid middle and high property wealth areas, and urban and rural areas.

How local educational agencies respond to an influx of federal dollars is another important measure of fiscal effect. The response depends on the type of federal grant mechanism through which funds are received. Despite restrictions against the use of federal funds to supplant state and local spending, supplanting inevitably occurs but differs widely among current programs. Title I grants appear to be the least supplanting: for each federal dollar there is about 67 cents of additional spending. Less restrictive grants would have a significantly lower net fiscal effect.

Educational Effects. Most of the federal programs are aimed at improving particular skills among recipient students. How successful they are in achieving their respective goals is an important measure of the effectiveness of federal involvement.

Recent evaluations of the Title I (compensatory education) program by the Educational Testing Service and RMC Research Corporation indicate that, as intended, schools receiving Title I funds have greater concentrations of students who score low on standardized achievement tests and of students from poverty backgrounds than non-Title I schools; that per pupil expenditures on Title I students are greater than on non-compensatory students; and that the gap between the achievement test scores of Title I and non-compensatory students narrows during the school year, although there appears to be evidence that some of these gains are lost during the summer. These results indicate that the Title I program is more successful in a number of ways than was previously believed.

There is less evidence of success in vocational education programs, which are about 12 percent funded by the federal government. Vocational education has experienced a growth both in enrollments and completions in recent years, but few of the studies examining the relative success of vocational graduates in the labor market, using data from National Longitudinal Surveys and other sources, have noted any significant differences in their success rate compared with that of general or academic graduates. Even those differences noted appear to vanish within five years.

Programs funded under the Emergency School Aid Act have three main objectives: reducing minority group isolation, encouraging the elimination of segregation and discrimination, and improving basic student skills. Some progress toward the third objective appears to have been made, but, according to the Office of Education, summarizing evaluations by the System Development Corporation, "evaluation data...clearly indicate that the program has encouraged little new desegregation and in only a very limited number of instances have ESAA funds been used to meet emergency needs associated with new or increased reductions in minority group isolation."

The bilingual education program, designed to be of limited scope, is also experiencing uneven results. In a recent study, the General Accounting Office (GAO) concluded that programs were not planned in a way that would allow the Office of Education to identify effective bilingual teaching methods or to develop suitable teaching materials--two major program goals--and that data

on student progress had not been collected. However, the GAO noted that project personnel reported substantial non-academic benefits to the students and that the reaction of parents of participants was generally favorable.

Long-term Income Effects. The ultimate goal of most education programs is to improve the post-school opportunities of students. Some programs, such as vocational education, occur close to the point at which a student enters the labor force and their effects can be measured directly. But for many federal programs, especially those for preschool or elementary students, long-term effects are uncertain or unknown.

ALTERNATIVE FEDERAL ROLES

There are a number of program and budget options that the Congress can pursue. The Congressional Budget Office (CBO) has selected a sample as representative of possible changes in the general direction of current federal elementary-secondary education policy. Three types of changes are examined: changes in the level of categorical support for specified types of students or districts; changes in the way federal funds are distributed, necessarily changing the distribution of federal funds among the purposes they serve; and new initiatives, which would either add new program support in specific areas or begin unrestricted assistance to state and local agencies.

Current Policy Base

Current policy is defined here as maintaining the present relative emphasis among programs. Under current policy the fiscal year 1977 base is projected for the period fiscal years 1978-1982 and assumes increases in appropriations consistent with anticipated cost increases. To continue current policy implies also that the increases above current levels allowable over the next five years under authorizing legislation for education for the handicapped or other programs would not be funded. The total cost of pursuing current policy during the next five years would be $36.1 billion.

Impact of Current Legislation

One prominent option embodies the funding increases for education for the handicapped anticipated in Public Law 94-142. Under the provisions of that law, all states who accept funds are required to provide a "free, appropriate education" to all handicapped children. The fiscal year 1977 appropriation to date is $315 million. By 1982, the federal government could provide a grant for each handicapped child up to 40 percent of the average per pupil expenditure on regular education services. These grants could total more than $3 billion annually when the program is fully implemented. The additional cost over the five-year current policy base of pursuing this option would be $8.8 billion.

Changes in Categorical Aid

The number of possible changes in current programs is perhaps unlimited. The CBO has selected one example of a change which would require increases in funding and another which would result in substantial budgetary savings.

Title I. At present, about 50 to 70 percent of disadvantaged children enrolled in eligible schools are receiving Title I services. In order to serve a larger percentage of this population, identified by the Congress as in need of compensatory education, additional funding could be provided. If an additional $300 million per year (in fiscal year 1977 dollars) were appropriated for Title I between fiscal year 1978 and fiscal year 1981, about 850,000 children per year could be added to the program and nine million children could be served by the end of school year 1982-83. The total cost of this addition to current policy for fiscal years 1978-82 would be $4.9 billion.

Impact Aid. One program in which budgetary savings could be realized is Impact Aid. Under the two major parts of this program, $251 million in fiscal year 1977 appropriations were made for children whose parents live and work on federal property and $357 million for children whose parents live or work on federal property. If payments for this latter group were eliminated, $2.1 billion would be saved over the next five years. The General Accounting Office estimates that more than three-quarters of the LEAs affected by this move would require local tax increases of less than ten percent to make up for this loss in revenue. This option would require a change in authorizing legislation.

Proposals for Funding Simplification

Three recent legislative proposals would alter the present categorical method of distributing federal education dollars. Each emphasizes a reduction in the administrative paperwork required of states and LEAs and an increase in flexibility in the use of funds by those agencies.

One proposal would consolidate into a single grant programs aimed at the same general educational area. The federal administrative component would be substantially unchanged. For example, amendments to the Vocational Education Act in Public Law 94-482 consolidate several categorical vocational grants into a single program, thereby reducing the number of applications for federal aid and increasing state flexibility in the use of VEA funds. A within-program consolidation of this type has no budgetary impact.

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A second type of change might be termed a "within-purpose" consolidation and is exemplified by a recent proposal of Senators Domenici and Bellmon. This option would consolidate several categorical efforts into five grant packages, one each for disadvantaged students, for handicapped students, for bilingual students, for special emphasis projects, and (optional to the states) for vocational and training programs. This legislation would insulate, one from another, programs aimed at different special needs populations, assure each of at least as much aid as was previously provided under separate authorities, and retain the supplemental nature of federal assistance. This funding simplification package would be optional to the states, with an incentive payment of up to an additional 10 percent to participating states. The added cost of this bill over the next five years if all states participate by 1982 and if the full incentive payment is funded, would be $1.7 billion.

An even more comprehensive consolidation proposed in 1976 by President Ford would consolidate most of the major programs in elementary-secondary education into a single block grant, leaving to the states the choice of emphasis among the programs. This proposal would minimize federal administrative involvement, but would also substantially alter the supplementary nature of current federal efforts and increase the possibility that federal funds would supplant state and local funds. It would also require the states to choose among programs of widely varying purposes, some of them targeted at special needs groups who might not otherwise be served. In particular, current programs for disadvantaged or bilingual students would probably be reduced substantially because of increased pressure from the Congress, the courts, and others to provide new services to the handicapped. This proposal has no necessary budgetary impact.

New Initiatives

Three new initiatives to expand the federal role in elementary and secondary education have received national attention in recent years.

School Finance Reform. Many education policy makers are concerned about the degree of disparity among districts within a state in the resources available to students. In order to assist the states in reforming school finance mechanisms, Congress could provide aid on the condition that it be used to reduce intrastate disparities in expenditures or in revenue raising capabilities. If the federal government were to provide enough funds to allow each state to raise the per pupil expenditures in the lowest 50 percent of its districts to the median state per pupil expenditure,

about $3 billion (in fiscal year 1977 dollars) would be required. If this proposal were phased in over the period fiscal years 1978-1980 and continued at the same rate thereafter, its five-year cost would be $13.1 billion. A program of this type would result in reduced reliance on local property taxes but, as federal funds replace local revenues, would not necessarily increase total spending for education.

Universal Preschool. Another new form of assistance would be general support for universal preschool. One of three general means might be used. First, direct categorical assistance could be targeted at children from low income families through Head Start or similar efforts. As the federal contribution for such an effort would be high, this mechanism would be the most expensive on a per child basis. Second, less targeted assistance could be provided by expanding tax credits available to those who utilize preschool services, but the stimulative effects on state and local spending are unknown. Third, a program of matching grants to LEAs specifically to provide preschool services could be enacted. This form of assistance would be the least targeted but potentially the most stimulative. If this type of service was available to all three and four year old children and LEAs were provided assistance on a 1:1 matching basis, this program would cost the federal government $2.6 billion in fiscal year 1977 dollars annually, assuming 75 percent participation of eligible children and $1,000 per child per year in preschool costs. The total cost of implementing this program by fiscal year 1979 and continuing it through 1982 would be $12.3 billion. Other forms of assistance, such as expanding tax credits or stimulating additional, non-educational day care services would not directly affect the elementary-secondary education budget. These figures do not include the indirect effects on programs such as child nutrition, increased participation in which may result from more widespread preschool attendance.

General Aid To Education. Another option is to provide unrestricted assistance to states and LEAs. This aid might take a number of forms. One of the options available is to increase the federal contribution to this sector until its share is raised from 8 percent to one-third of total resources (thereby reducing state and local effort). The increase in the budget over the next five years, assuming that the federal share of school financing increases evenly over the period of fiscal years 1978-1981 and is steady at one-third thereafter, would total $80 billion.

CHANGES IN AID PATTERNS

The following table summarizes the impact of each of the above options on the current policy budget for the next five years. Any

CURRENT POLICY BASE AND BUDGETARY IMPACT OF ALTERNATIVE POLICIES, FOR FISCAL YEARS 1978-1982, IN MILLIONS OF DOLLARS

	1978	1979	1980	1981	1982
Current Policy Base	$6,363	$6,752	$7,175	$7,640	$8,176
Impact of Funding Level Changes:					
Funding Handicapped Act	+444	+851	+1,952	+2,772	+2,750
Increasing Title I Aid	+318	+656	+1,015	+1,397	+1,496
Eliminating Impact Aid "B" payments	-375	-396	-417	-439	-465
Impact of Changes in Distribution of Funds:					
Within Program Consolidation	0	0	0	0	0
Domenici-Bellmon Consolidation	+132	+234	+349	+451	+567
President Ford's Education Grants Consolidation	0	0	0	0	0
Impact of New Initiatives:					
Assisting School Finance Reform	+795	+1,688	+2,691	+3,822	+4,092
Initiating Universal Preschool	+897	+1,891	+2,987	+3,148	+3,330
General Aid	+5,081	+10,622	+16,076	+23,358	+24,610

of these options could be pursued in combination; the resulting budgetary impact can be determined by adding the figures in the table.

By fiscal year 1982, any of these options, with the exception of the various consolidation proposals, would also alter the proportional distribution of federal aid among the various purposes described earlier. The following table indicates the changes compared to current policy. All three new initiatives would substantially alter the federal role in elementary-secondary education. Both school finance reform and general aid would for the first time involve the federal government directly in the provision of general academic programs; initiating universal preschool would dramatically increase the proportion of aid going to the general student population in a specified type of program. The various consolidation proposals, while altering the federal administrative role in elementary-secondary education, would not necessarily have a budgetary effect.

DISTRIBUTION OF FUNDS BY PURPOSE IN FISCAL YEAR 1982, CURRENT POLICY AND OPTIONS, IN MILLIONS OF DOLLARS

	To Support Selected Curricula, Resources, or Services	
	For Specified Types of Pupils	For General Student Population
FY 1982 Current Policy Base	$5,306	$1,006
Total (Including Current Policy) Resulting From:		
Funding Handicapped Act	8,056	1,006
Increasing Title I Aid	6,802	1,006
Eliminating Impact Aid "B" payments	5,306	1,006
Consolidation Proposals	No required budgetary change from current policy b/	
Assisting School Finance Reform	5,306	,006
Initiating Universal Preschool	5,306	4 336
General Aid	5,306	1,006

DISTRIBUTION OF FUNDS BY PURPOSE (continued)

To Provide General Financial Support		To Support Research, Change & Innovation	Total a/
For Specified Districts	Unrestricted Aid		
$1,423	-	$442	$ 8,176
1,423	-	442	10,926
1,423	-	442	9,672
958	-	442	7,711
		No required budgetary change from current policy b/	
1,423	4,092	442	12,268
1,423	-	442	11,506
1,423	24,610	442	32,786

a/ Totals may not add due to rounding.

b/ One consolidation proposal, that of Senators Domenici and Bellmon, authorizes an incentive payment which, if fully funded, would add $567 million to the Fiscal Year 1982 current policy budget. The distribution of this payment among the various federal education and training programs is left to the states.

INTRODUCTION

The 95th Congress faces major decisions on aid to elementary and secondary education. With the exception of programs for the handicapped and vocational education, most of the legislation authorizing federal expenditures in education will expire before October 1, 1978, and will be heavily scrutinized in the coming months.1/

A number of choices about the direction of federal involvement in education will be available to Members of Congress with primary responsibility for policy in this area--the authorizing committees, who shape the legislation; the budget committees, who set overall spending targets; and the appropriations committees, who recommend the final allocation of funds among the programs. This paper examines the current federal role in elementary-secondary education; what is known about its effects on state and local agencies, the federal budget, and the students served by federal programs; and the costs and consequences of some alternative major policy directions that the Congress might pursue in the coming years.

THE CONTEXT

Three issues continue to dominate the debate over the federal role in education.

- o Local control of schools. The public school enterprise in the United States is deeply rooted in the concept that decisions on education, particularly those relating to curriculum and resource allocation, should be made at the local level. While the states have always been involved to some degree, they

1/ The General Education Provisions Act provides for an automatic one-year extension of authorizing legislation if action is not taken by the conclusion of the regular session ending prior to the beginning of the fiscal year in which the program expires.

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have had major influence, both budgetary and substantive, only in recent years. Federal involvement, particularly in the provision of general educational services, has always been minimal.

- o Public aid to private and church affiliated schools. Throughout the continuing debate over federal aid to education, many have sought to insure that all students be beneficiaries, regardless of where they go to school. However, most private elementary-secondary schools are church related, and the Constitutional prohibition against ties between church and state has limited the implementation of this idea.

- o Desegregating public schools. Closely tied to the issue of local control of educational offerings is local control of pupil assignment. Many parents vociferously resist interference by any level or branch of government in their decisions about where and with whom their children will be educated.

In response to legislation affecting these and related areas--or in the absence of legislation--the courts have acted in ways that limit the scope of options available to local educational agencies (LEAs), the states, and the federal government. In some cases the courts have ordered that a particular activity be funded and implemented by these governmental groups. Among the most important decisions are: 2/

- o Aid to private schools. The Supreme Court has continued during the last two years to limit sharply the ways in which public monies can fund services to children in church related schools. The Court has disapproved the provision of auxiliary services (for example, remedial instruction, counseling, and speech and hearing services) and the loan of instructional material and equipment to sectarian schools; however, it has reaffirmed that the loan of textbooks is permissible under certain conditions (Meek v. Pittenger, 1975). Federal programs aimed at both public and non-public students face similar Constitutional hurdles.

2/ These descriptions of the general legal context created by leading court decisions are not intended to be, nor should they be construed to be, definitive interpretations of the law in this field.

- School desegregation. The premier decision by the Court in school desegregation was Brown v. Board of Education in 1954, in which the "separate but equal" schools for blacks and whites in Topeka, Kansas, were determined to violate the Constitutional guarantee of equal protection. In a later decision (Swann v. Charlotte-Mecklenberg Board of Education, 1971), the Court declared that the objective of all school desegregation remedies is "to eliminate from the public schools all vestiges of state-imposed segregation." Subsequent decisions have focused on the appropriateness and limits of remedies, including those of busing and altering of attendance zones to achieve racial balance (both held permissible under certain circumstances).

- Education for handicapped students. Courts in a number of states have held that denying a handicapped child an adequate public education violates the equal protection and/or due process clauses of the Constitution and similar clauses and other provisions of state constitutions. These courts have also held that the lack of resources necessary to fund adequate--and costly--programs for these students is an inadequate defense for not providing them.

- Education of students of limited English-speaking abilities. While the Supreme Court has not spoken on the Constitutional question of the rights of non-English speaking students to bilingual education, it did rely (in Lau v. Nichols, 1974) on the Civil Rights Act of 1964 to require under certain circumstances that school districts receiving federal funds provide assistance to students with English language difficulties.

- School finance. Based on provisions of state constitutions and laws, courts in several states have invalidated school finance systems. The most famous of these cases (Serrano v. Priest, California Supreme Court, 1971) es-

tablished as a bench mark the principle of "fiscal neutrality," holding that education is a fundamental right and cannot be conditioned on the wealth of a student's family or neighbors. Many states are now rewriting school finance legislation in order to reduce the disparities in education expenditures among school districts. The Supreme Court has found that intrastate disparities in the level of tax support for public schools do not, in themselves, offend the federal Constitution.

These decisions have forced a reordering of educational and financial priorities at the state and local levels and, arguably, at the federal level as well. The law requires that new groups be served, but appropriate educational techniques are either undeveloped or, if developed, are of uncertain performance. These techniques would be more costly than those provided to the average pupil.

Certain trends in the characteristics of the student population are also receiving increased public attention.

- o Achievement level differences between low income and other students. Differences in the average achievement levels between low income and middle to upper income students and between minority and non-minority students continue, according to reports by the National Assessment of Educational Progress.

- o Declining achievement scores for all students. The decline of scores on achievement tests monitored by the National Assessment of Educational Progress and on aptitude tests administered for college admissions increasingly alarms parents, educators, and policy makers.

- o High youth unemployment. While persons 16 to 24 years old comprise one-fourth of the total labor force, they account for almost half of total unemployment in the United States. In May 1976, the unemployment rate among white teenagers was 16.3 percent, but among non-white teenagers, largely concentrated in central cities, it was 37.3 percent.

- Only partial understanding of the learning process. Although many questions about the learning process have been recognized for years, there are few answers to reassure policy makers that learning problems can be ameliorated in the near future.

The desire or mandate to address these problems, plus other pressures which are discussed more fully below, have put considerable financial strain on local educational agencies. These problems and pressures, and the situations that gave rise to them, are the context in which the federal government's elementary and secondary education policy will be developed and implemented.

CHAPTER I. THE FEDERAL ROLE TO DATE

The current federal role in elementary-secondary education is a composite which has emerged from legislative decisions based on different assessments of need and enacted and/or implemented at different times. In addition to new legislation, some of the older programs have been altered substantially or in a few cases eliminated in the last several years to meet changing perceptions of need. From this collection of assistance programs one can infer (if not precisely define) the trend in the federal role in elementary-secondary education.

BACKGROUND

The primary responsibility for elementary-secondary education lies with state and local agencies. Prior to 1965, federal participation in the provision of elementary-secondary education was limited to payments to school districts impacted by other federal programs and activities (Public Laws 874 and 815, 81st Congress); assistance for vocational education programs (Vocational Education Act of 1963); and assistance for strengthening instruction in critical subjects, and guidance, counseling, and testing activities (National Defense Education Act of 1958). In 1965, the passage of the Elementary and Secondary Education Act (ESEA) launched the federal government on a new course of involvement in education. ESEA was a key component in President Johnson's "War on Poverty," and its major title, Title I, directed substantial sums of money to school districts for compensatory programs for disadvantaged students. 1/ During the last twelve years, additional efforts have

1/ The exact definition of "disadvantaged" in the context of ESEA and other education programs is a source of considerable debate. Some feel that ESEA's tie to the War on Poverty demands a definition of economic disadvantage, while others point to the compensatory nature of Title I programs to indicate that the program is aimed at the educationally disadvantaged. The current Title I formula distributes funds to programs for educationally disadvantaged pupils in schools with concentrations of economically disadvantaged children.

been made to initiate or improve services to the handicapped, to Indian children, to children of limited English-speaking ability, and to disadvantaged preschool children (Head Start). Further, federal programs have been initiated to support libraries and other instructional resources, to encourage curriculum development, to undertake and disseminate research efforts, and to provide preservice and inservice training for teachers, among others. This legislative activity has resulted in some 77 programs aimed either directly or indirectly at elementary and secondary education.2/

For the purposes of this analysis, federal programs in elementary-secondary education can be thought of as having five major purposes: to support selected curricula, resources or services for specified types of students; to provide selected services for the general student population; to provide general financial support for specified types of districts; to provide general financial support for all districts; and to support research, change and innovation. Table 1 provides a convenient framework for examining the federal programs by major purposes.

Nearly two-thirds (65.5 percent, or $3.9 billion) of the approximately $6 billion in fiscal year 1977 appropriations for elementary-secondary education were for programs that support selected services for specified types of students. Title I of ESEA (compensatory education), bilingual education, education for the handicapped, the Emergency School Aid Act (desegregation assistance), and the Head Start program are the major programs of this type. 3/ The second largest percentage (17.6 percent, or $1.04 billion) provides general financial support to certain school districts impacted by the federal government or districts for which the federal government is responsible. The two major programs in this category are Impact Aid and Bureau of Indian Affairs programs. Another 11.4 percent of the total ($673 million) aids programs that support selected services for all students who choose to use them. Vocational education and school libraries and instructional resources are the major programs in this category. The remaining 5.5 percent of the budget (about $324 million) supports research, change and innovation through grants and other programs.

2/ A table listing the major programs, their expiration dates, and recent appropriations (as of the close of the 94th Congress) can be found in Appendix A.

3/ A somewhat arbitrary cutoff of $100 million in fiscal year 1977 appropriations was used here to define a "major" program. Excluded from further analysis in this paper are school services operated by the Bureau of Indian Affairs.

TABLE 1.
FEDERAL ELEMENTARY-SECONDARY EDUCATION PROGRAMS AND FISCAL YEAR 1977 APPROPRIATIONS TO DATE BY MAJOR PURPOSE, IN MILLIONS OF DOLLARS

To Support Selected Curricula, Resources, or Services			
For Specified Types of Students		For General Student Population	
ESEA Title I	$2,285	Vocational education c/	$448
Ed. for the handicapped	468 b/	Libraries and learning resources (K-12 part)	154
Voc. Ed. set-asides and special programs	123 a/	Misc. curricula support (environmental, energy, science, ethnic heritage, etc.)	23
Emergency school aid	275		
Bilingual ed.	115	Special projects and training	48
Indian ed. (O.E.)	45		
Head Start	475		
Other ESEA	85		
TOTAL: $5,910	3,871		673
(Percent)	(65.5%)		(11.4%)

a/ Estimated.

b/ Includes special education manpower development and preschool incentive grants; does not include innovation grants (included elsewhere).

c/ Includes only 1976-1977 school year funds for vocational education, minus special set-asides; includes adult education; appropriations for certain parts deferred due to lack of authorizing legislation.

To Provide General Financial Support			To Support Research, Change, and Innovation	
For Specified Types of Districts		Untargeted Aid		
Impact aid	793	d/	Support and innovation grants	194
BIA Indian schools	249		Various planning, research, and innovation grants	40
			National Institute of Education	90 a/
	1,042 (17.6%)			324 (5.5%)

d/ At present, no federal program provides unrestricted direct aid for education. However, nearly $1.6 billion in unrestricted transfers to general purpose governments will be expended on elementary-secondary education in fiscal year 1977, including an estimated $1,435 million in general revenue sharing funds, $53 million of the federal payment to the District of Columbia, and $100 million of the state share of lease payments made by private firms for the use of federal lands.

No current federal programs provide unrestricted aid for education, but nearly $1.6 billion in unrestricted federal funds will be transferred to state and local governments in fiscal year 1977 and be spent on elementary-secondary education. These funds are derived from general revenue sharing (mostly from state governments, though in 1977 to a small extent from local governments on which school districts are fiscally dependent), the federal payment to the District of Columbia (in addition to general revenue sharing and other direct grant programs), and the state share of lease payments made by private firms using federal lands. None of these programs mandates support of education, but they undoubtedly aid the financing of basic educational services.

THE MAJOR PROGRAMS

ESEA, Title I (Fiscal Year 1977 appropriations: $2.285 billion). Title I of the Elementary and Secondary Education Act of 1965, as amended, provides grants to local educational agencies (LEAs) for supplementary compensatory education services for the disadvantaged. This program is the largest in the federal education budget. The allocation of funds to states and local agencies, and, in fact, the selection of particular schools as "Title I schools," is based on the number of children in the district or county from families below or near the poverty level or on some other approved criterion, such as the number of children participating in the subsidized school lunch program. However, the selection of individual children to receive compensatory services within Title I schools is based on the student's academic skills relative to that of his peers, and is independent of his family's income. The Office of Education estimates that in the current school year about 6 percent of Title I funds will serve children in preschool or kindergarten, 57 percent will serve children in grades 1-6, and 37 percent will serve children in grades 7-12.

Title I legislation and accompanying regulations promulgated by the Office of Education affect not only the resources devoted to Title I programs but also the other educational offerings in recipient LEAs. Districts are required to insure (1) that LEAs maintain the same year-to-year level either in total non-federal funds expended or in per pupil expenditures from non-federal sources; (2) that Title I funds supplement rather than supplant state and local funds; and (3) that Title I schools provide non-Title I services funded from state and local revenues comparable to the services provided in non-Title I schools, measured by the number of children enrolled per instructional staff member and by the annual expenditure per child.

Bilingual Education (Fiscal Year 1977 appropriations: $115 million). The Bilingual Education Act (Title VII of ESEA) is a discretionary grant program which funds demonstration projects for specified terms (from one to five years) in bilingual education and in teacher training. The strategy of the Office of Education in implementing this program is one of "capacity building," especially in bilingual teacher training. Funding is provided to plan and implement bilingual programs, develop materials, train teachers, and disseminate the results of these efforts. Following completion of the project period, districts will be expected to assume responsibility for providing the services identified as most valuable in helping children of limited English-speaking ability.

Education for the Handicapped (Fiscal Year 1977 appropriations: $468 million). The Education for All Handicapped Children Act of 1975 (Public Law 94-142) states that it is the intention of Congress through "this Act to assure that all handicapped children have available to them, within the time periods specified..., a free appropriate public education..." The Act also provides for the establishment of procedural safeguards for handicapped students and their parents to insure that the intended services are actually provided by state and local educational agencies.

The basic mechanism of support in the new law is the state grant, an allocation of aid based on the number of handicapped children served and a percent (5 percent in 1978 rising to 40 percent in 1982 and beyond) of the national average per pupil expenditure on regular school programs. Under previous legislation, a federal grant to states supported a very small fraction of the costs of providing special services for the handicapped. 4/ Total expenditures by all levels of government have managed to provide appropriate services for about half the nation's handicapped children; as many as a million of the estimated eight million handicapped persons under 21 may have received no services at all. 5/ The Congress hopes to eliminate these inadequacies through the new grant program, coupled with the requirements of the law. Authorizations for the state grants rise to over $3 billion in fiscal year 1982, when the program is fully operational. The fiscal year 1977 appropriation (for this part only) to date is $315 million.

4/ Kakalik, James S., et al., Services for Handicapped Youth: A Program Overview, Santa Monica: RAND, May 1973.

5/ U.S. Office of Education, Bureau of Education for the Handicapped.

Emergency School Aid (Fiscal Year 1977 appropriations: $240 million). In recognition of the costs associated with desegregation of schools, Congress enacted the Emergency School Aid Act (ESAA) in June 1972 to provide financial assistance:

(1) to meet the special needs incident to the elimination of minority group segregation and discrimination among students and faculty in elementary and secondary schools;

(2) to encourage the voluntary elimination, reduction, or prevention of minority group isolation in elementary and secondary schools with substantial proportions of minority group students; and

(3) to aid school children in overcoming the educational disadvantages of minority group isolation. (Public Law 92-318; Section 702.)

Most of the funds are apportioned to the states on the basis of the number of minority group children 5-17 years old. Grants are also made directly by the Office of Education for discretionary projects in educational television and for other special projects.

Head Start (Fiscal Year 1977 appropriations: $475 million). Head Start is a comprehensive preschool program which includes medical, nutrition, and social services for recipient children, largely from low income families. Ten percent of enrollment slots are made available to handicapped children. The public and private nonprofit agencies that administer the programs are required to support 20 percent of the costs from non-federal sources (including contributions); the annual Head Start appropriation provides the remaining 80 percent. Because of the comprehensiveness of services offered and the level mandated by the regulations implementing the program, Head Start is the most expensive federal education program on a per child basis. The Office of Child Development estimates that the average full-year Head Start program expended $1,352 per child in fiscal year 1976, serving 349,000 children with an appropriation of $454.5 million.

Vocational Education (Fiscal Year 1977 appropriations: $685 million 6/). The major vocational grant programs are unique among

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6/ Including adult education and amounts from the continuing resolution for programs whose authorizations were renewed too late for appropriation during the 94th Congress.

federal education efforts. Federal funds for vocational education are intended primarily to encourage and subsidize expenditures of state and local agencies for services of their own choosing. For every federal dollar received, states and LEAs spend, on average, more than $6 on vocational education.

More than 30 percent of the federal vocational education dollars in fiscal year 1974 (the latest year for which a full accounting is available) supported services for disadvantaged and handicapped students sthrough a variety of special programs and fund set-asides. The remaining 70 percent provided a thinly distributed subsidy (about 11 percent of total costs) for state and local programs serving the general student population. Federal dollars for specific programs for the disadvantaged are matched 2:1 by the states; in programs for the handicapped, the ratio is less than 1:1. (Until the 1976 amendments to the Vocational Education Act, there was no matching requirement for these specific set-asides. LEAs are now required to match federal dollars evenly on a 1:1 basis from state and local funds; in most cases they appear to be doing this.) For all vocational education programs not directed at special recipients, states spend $8.42 for every federal dollar.

Not all federal vocational education dollars support elementary and secondary education activities. A 15 percent set-aside goes to post-secondary programs and to adult vocational programs.

The implications of this pattern appear to be that, at least on an aggregate national basis, the federal vocational education dollar has the greatest marginal impact on programs for the handicapped 7/, slightly less impact on programs for the disadvantaged, and only marginal impact on the remainder of the programs. This pattern of federal impact is reinforced and may be strengthened by the 1976 amendments to the VEA. Many of the former categorical programs in vocational education are combined in a block grant, in which the percentage of the state grant reserved for the disadvantaged increases to 20 percent. The other set-asides remain the same. A separate program for the disadvantaged will, if funded, channel additional resources to geographic areas of high concentrations of unemployed youths and school dropouts.

7/ The impact on handicapped students may be less than it appears here as many of the eligible students are probably enrolled in vocational rehabilitation programs, particularly at the postsecondary level.

In addition to designating these programs for special groups as national priority programs in vocational education, the federal government has chosen to influence the decision-making process as a major way to have an impact on vocational education. Each state is required to have an advisory council composed of a majority of non-educators, including representatives of management, labor, agriculture, and manpower agencies, with appropriate sexual, racial, ethnic, and geographic representation. The councils must submit multi-year plans to the U.S. Commissioner of Education, who may return them for modification if they do not comply with the procedures mandated by the Congress. The Commissioner's decisions are subject to judicial review. Through this process, the Congress has attempted to insure that those who might benefit from vocational education programs have ample opportunity to influence decisions about them.

Libraries and Learning Resources (Fiscal Year 1977 appropriations: $154 million for Elementary-Secondary Programs). This grant program was enacted in 1974 as Title IV, Part B, of the Elementary and Secondary Education Act and consolidates previously separate grants for the acquisition of school library resources, textbooks, and other printed material (ESEA Title II); for the acquisition of instructional material in critical subject areas (Title III of the National Defense Education Act, except Section 305); and for testing, guidance, and counseling services (a portion of ESEA Title III). Funds are allocated primarily on the basis of the number of school age children in each state and may be used to support services in any of the consolidated areas.

School Assistance in Federally Affected Areas (SAFA, or Impact Aid) (Fiscal Year 1977 approrpriations: $793 million). The Impact Aid program (Public Law 874, 81st Congress) was enacted in 1950 "in recognition of the responsibility of the United States for the impact which certain federal activities have on the local educational agencies in the areas in which such activities are carried on...." 8/ Congress felt it was necessary "to provide financial assistance...for those local educational agencies upon which the United States has placed financial burdens by reason of the fact that:

(1) the revenues available to such agencies from local sources have been reduced as the result of the acquisition of real property by the United States; or

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8/ P.L. 81-874, Title I, Section 1, as amended.

(2) such agencies provide education for children residing on Federal property; or

(3) such agencies provide education for children whose parents are employed on Federal property; or

(4) there has been a sudden and substantial increase in school attendance as the result of federal activities. 9/

Currently, the majority of payments are based on the number of students whose parents live and work on federal property ("A" children) and the number whose parents live or work on federal property ("B" children). Since 1970, low-rent public housing has been defined as federal property for the purpose of this law, but no funds to meet public housing entitlements were provided until fiscal year 1976. The vast majority of children who qualify for entitlement because they reside in low-rent public housing are in the "B" category.

Support and Innovation Grants (Fiscal Year 1977 appropriations: $194 million). The Education Amendments of 1974 authorized the consolidation of programs for supplementary educational services, strengthening state and local educational agencies, drop-out prevention projects, and demonstration projects to improve nutrition and health services (ESEA: Title III; Title V; and Title VIII, Sections 807 and 808). Each state is allotted on a formula basis a grant to support activities in these areas. The consolidation was implemented by allocating half of the total funds to the categorical areas and half to the consolidation in fiscal year 1976 and all of the funds to the consolidation in fiscal year 1977.

THE RESULTING FINANCIAL PICTURE

As a result of the enactment of these and other programs, a pattern of federal financial support has emerged. Table 2 illustrates the proportion of total elementary-secondary education expenditures from federal, state, and local funds. In fiscal year 1976, federal outlays made up 7.8 percent of total, slightly less than in fiscal year 1966, the first year substantially affected

9/ Ibid.

TABLE 2
ESTIMATED EXPENDITURES BY ALL ELEMENTARY AND SECONDARY SCHOOLS, BY SOURCE OF FUNDS, 1963-1964 to 1974-1975, IN BILLIONS OF DOLLARS

Source of funds, by control and level	1963-64	1965-66	1967-68	1969-70	1971-72	1972-73	1973-74	1974-75	1975-76
Total amount, public and nonpublic	$24.6	$30.0	$37.3	$45.5	$53.8	$57.8	$63.3	$68.5	$75.1
(percents)									
Federal	4.5%	7.0%	8.0%	7.3%	8.6%	8.1%	7.3%	8.0%	7.0%
State	32.5	32.0	32.4	35.8	34.2	35.5	35.8	36.1	36.5
Local	50.4	49.0	48.3	46.8	46.8	46.4	46.9	46.0	46.7
All other	12.6	12.0	11.3	10.1	10.4	10.0	10.1	9.9	9.7
Total amount, public	$21.6	$26.5	$33.2	$41.0	$48.3	$52.1	$57.1	$61.8	$67.9
Federal	5.1%	8.0%	9.0%	8.1%	9.5%	9.0%	8.1%	8.9%	7.8%
State	36.9	36.3	36.5	39.8	38.1	39.4	39.7	40.0	40.3
Local	57.6	55.3	54.2	51.9	52.2	51.4	52.0	50.9	51.7
All other	.4	.4	.3	.2	.2	.2	.2	.2	.2
Total amount, nonpublic	$3.0	$3.5	$4.1	$4.5	$5.5	$5.7	$6.2	$6.7	$7.2
Federal	...	...	...	...	...	...	...	...	...
State	...	...	...	...	...	...	...	...	...
Local	...	...	...	...	...	...	...	...	...
All other	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

SOURCE: National Center for Education Statistics

by outlays resulting from the Elementary and Secondary Education Act of 1965. During the last decade, the state share in financing education has increased slightly, to approximately 40 percent in fiscal year 1976, and the local share had correspondingly decreased to about 52 percent.10/ However, this proportion varies considerably by state. The National Center for Education Statistics estimates that federal revenues constituted 21.2 percent of the total funds spent on education in Mississippi in 1975-76, and only 3.8 percent in Michigan (see Table 3). The variation among large cities is also great. For example, St. Louis received nearly 20 percent of its total revenue from federal sources, while Memphis received less than one percent.

10/ This picture of the state financial contribution is slightly distorted as federal general revenue sharing funds spent by states on education (an option only available to local governments beginning in fiscal year 1977) appear here as state funds. According to the Office of Revenue Sharing, in fiscal year 1975 states spent 60 percent, or $1.51 billion of their federal revenue sharing funds on education. Approximately 67 percent of all state funds from all non-categorical sources that were spent on education were devoted to elementary-secondary services. Using these approximate ratios to reallocate funds to their initial source, the federal share increases to 9.3 percent and the state share drops to 38.8 percent.

TABLE 3.
ESTIMATED PERCENTAGE RECEIPTS FOR PUBLIC ELEMENTARY-SECONDARY EDUCATION FROM FEDERAL, STATE, INTERMEDIATE, AND LOCAL SOURCES, 1975-1976

State or Other Area and City	Percent of Revenue Receipts by Source			
	Federal	State	Inter-mediate	Local
UNITED STATES	8.0	43.7	.5	47.8
Alabama	a/ 16.1	63.5	--	20.4
Alaska	15.1	64.9	--	20.0
Arizona	10.5	47.8	.4	41.2
Arkansas	15.5	52.2	--	32.3
California	b/ 9.2	40.4	--	50.4
Colorado	6.8	39.8	NA	5.3
Connecticut	4.1	27.7	NA	68.2
Delaware	8.0	67.7	--	24.3
District of Columbia	c/ 17.8	—	--	82.2
Florida	6.2	54.6	--	39.2
Georgia	12.1	51.9	--	36.0
Hawaii	7.3	92.7	--	--
Idaho	10.9	49.5	2.9	36.7
Illinois	6.2	46.2	.1	47.6
Indiana	5.7	40.6	.4	53.3
Iowa	4.6	38.0	--	57.4
Kansas	11.6	92.7	--	44.6
Kentucky	14.6	49.5	--	31.1
Louisiana	17.5	46.2	—	26.8
Maine	8.1	40.6	--	47.3
Maryland	5.7	39.5	--	54.8
Massachusetts	4.1	23.5	--	72.4
Michigan	3.8	51.7	--	44.4
Minnesota	5.5	54.7	.4	39.3
Mississippi	21.2	55.0	--	23.8

See footnotes at end of table.

TABLE 3 (continued)

State or Other Area and City	Percent of Revenue Receipts by Source			
	Federal	State	Inter-mediate	Local
Missouri	8.2	35.0	5.9	51.0
Montana	6.1	57.6	7.2	29.1
Nebraska	7.4	17.6	3.2	71.8
Nevada	5.5	40.4	--	54.2
New Hampshire	6.0	9.4	--	84.6
New Jersey	4.1	29.4	--	66.5
New Mexico	20.6	63.4	--	16.0
New York	4.6	39.9	--	55.5
North Carolina	13.1	66.3	--	20.6
North Dakota	7.2	48.8	8.6	35.4
Ohio	5.9	36.6	--	66.5
Oklahoma	11.1	50.0	4.9	34.0
Oregon	5.9	29.0	17.2	48.0
Pennsylvania	8.7	48.1	--	43.2
Rhode Island	7.9	35.9	--	56.2
South Carolina	14.7	58.8	--	26.5
South Dakota	14.5	14.2	.8	70.6
Tennessee	11.1	53.0	--	35.9
Texas	10.4	50.2	.2	39.2
Utah	7.4	57.9	--	34.8
Vermont	6.0	29.5	--	26.5
Virginia	11.0	30.6	--	58.4
Washington	8.3	51.5	--	40.2
West Virginia	12.3	56.3	--	31.4
Wisconsin	7.5	32.1	--	60.3
Wyoming	6.9	32.9	21.6	38.6

See footnotes at end of table.

TABLE 3 (continued)

State or Other Area and City	Percent of Revenue Receipts by Source			
	Federal	State	Inter-mediate	Local
LARGER CITIES				
Baltimore, Md.	9.1	46.9	—	44.0
Boston, Mass.	--	--	--	--
Chicago, Ill.	12.0	45.8	—	42.0
Cleveland, O.	14.4	25.0	14.7	45.9
Dallas, Tex.	1.6	36.7	d/	61.7
Detroit, Mich.	11.9	48.5	.1	30.5
Houston, Tex.	2.2	46.8	--	51.6
Indianapolis, Ind.	7.1	33.3	.3	59.3
Los Angeles, Calif.	8.6	27.2	.3	63.9
Memphis, Tenn.	.9	39.6	13.4	46.2
Milwaukee, Wis.	9.4	29.9	--	60.7
New Orleans, La.	18.8	48.8	—	32.4
New York, N.Y.	8.9	30.8	--	60.3
Philadelphia, Pa.	15.3	51.3	—	33.4
Phoenix, Ariz.	5.1	50.3	d/	44.6
St. Louis, Mo.	19.9	35.9	2.3	41.9
San Antonio, Tex.	11.9	58.6	--	29.5
San Diego, Calif.	10.0	24.3	1.0	64.7
San Francisco, Calif.	9.0	19.0	.1	71.8
Washington, D.C.	17.8	--	--	82.2

a/ Does not include commodities donated by USDA.
b/ Includes 2.7% attributable to federal general revenue sharing.
c/ Federal share includes general revenue sharing (3%); "local" share includes federal payment to D.C., estimated to be 27% of general appropriations.
d/ Less than 0.5 percent.

SOURCE: National Center for Education Statistics, "Statistics of Public Elementary and Secondary Day Schools, Fall 1975," Table 10.

These wide variations are largely explained by differences in the number of children towards whom federal assistance is directed (for example, those in low income families) or on the degree of other federal activity in a particular area (often triggering Impact Aid assistance).

It is important to note, however, that the national average federal share of around 8 percent has never been a stated objective of the Congress. Total federal expenditures are the result of individual decisions about a variety of programs whose primary purposes, by and large, are <u>not</u> to provide general financial support to local educational agencies.

CHAPTER II. THE EFFECT OF THE CURRENT FEDERAL ROLE

In examining the effects of federal elementary-secondary education programs, it is important to make distinctions among three types or stages of effects. First, we can ask a series of fiscal questions: Where did the money go? Did it fund the types of services intended? Did federal funds add to total educational expenditures or did they serve largely as fiscal relief to local districts? Did federal funds influence the allocation of state or local funds? Second, we can ask of each program for which it is appropriate questions related to its educational effects: Did it make a difference in the performance or skills of the recipient students? And finally, we can attempt to assess the long-term income effects of these programs: Do the increased achievement or skill levels reduce post-school dependency? Because data from which to estimate these final effects have not been systematically collected, our analysis will concentrate on the first two--fiscal and educational effects.

FISCAL EFFECTS

All federal education programs have fiscal consequences to the states and LEAs in which they are operated. Where federal dollars end up is as important, in many cases, as what they are spent on. Also, the degree to which federal aid stimulates additional services is an important measure of the ability of the various grant instruments to implement Congressional goals of expanding and improving educational offerings.

Patterns of Federal Aid. Table 4 shows the percentage distribution of federal funds by program according to the recipient districts' median family income, equalized property value [1/] per average daily attendance (ADA), and degree of urbanization (using Census Bureau definitions of urban, suburban, and non-metropolitan areas). This table is based on an analysis by the Department of Health, Education, and Welfare (HEW) combining National Center for Education Statistics (NCES) data from the 1969-70 school year, detailed information from the 1970 Census, and a special

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1/ Assessed property value adjusted to market to insure intra- and inter-state comparability.

TABLE 4.
FEDERAL EDUCATION EXPENDITURES, PERCENT DISTRIBUTION

	Title I	SAFA				State Discretionary				
	ESEA	874A	874B	Other	Total	Voc Ed	All Other[a]	Total	All Other	Total Fed Ed
Fiscal Year 1970 Expenditures (Millions of Dollars)	$1339.1	n/a	n/a	n/a	$520.6	$376.3	$213.5	$589.8	$85.5	$2532.0
Median Family Income of District										
Low 25%	42.6%	50.6%	17.5%	18.6%	24.3%	34.4%	22.9%	27.9%	31.7%	34.7%
Middle 50%	48.7%	41.1%	55.4%	49.2%	52.0%	49.8%	53.6%	51.9%	55.0%	51.0%
High 25%	8.7%	8.3%	27.0%	32.2%	23.7%	15.7%	23.6%	20.2%	13.3%	14.2%
Equalized Property Value per ADA										
Low 25%	25.2%	71.9%	31.6%	48.7%	40.4%	21.4%	22.0%	21.7%	21.2%	26.9%
Middle 50%	48.2%	19.8%	50.6%	42.9%	44.4%	51.3%	52.7%	52.1%	51.7%	48.7%
High 25%	26.6%	8.3%	17.7%	8.5%	15.2%	27.3%	25.3%	26.2%	27.2%	24.4%
Degree of Urbanization (% of children) [b]										
Center City (25%)	42.3%	9.4%	25.0%	19.1%	21.2%	36.1%	32.5%	33.9%	47.9%	37.1%
Suburban (61%)	34.7%	79.4%	65.9%	69.0%	69.0%	43.5%	53.1%	49.2%	38.4%	45.7%
Non-metropolitan (14%)	23.0%	11.2%	9.0%	11.8%	9.8%	20.5%	14.4%	16.9%	13.6%	17.1%

[a] Includes Titles II and III ESEA, and Titles III and V-A NDEA.
[b] Percentages are for this sample (1970 ELSEGIS public schools) only and may differ somewhat from totals which include private academies and from present attendance patterns. "Suburban" includes all non-center-city metropolitan areas. "Non-Metropolitan" includes rural and all other non-metropolitan areas.

Percents may not total 100% due to rounding.

n/a - not available

survey of property values. 2/ A planned update based on the 1974-75 school year is not yet available. Despite changes in legislation since 1970, the authors of the original study do not expect major shifts in the national average patterns of federal support.

In general, federal dollars are distributed more heavily to school districts with low median family incomes, are relatively neutral with respect to the property value per pupil of the recipient districts, and go more heavily to urban and rural than to suburban LEAs. These totals, however, mask the considerable differences among the individual programs, as Table 4 demonstrates. A more careful examination of the individual programs is revealing.

Title I, which is supposed to target funds at districts with high concentrations of children from poverty families, appears to do just that. Title I funds go to urban and rural districts in a greater percentage than would be expected if they were distributed randomly. Title I expenditures are, on average, neutral with respect to the wealth of the recipient district. Because Title I funds represented over half (52.8 percent) of federal education dollars in the HEW study, the fiscal characteristics of that program had a dominant effect on the total federal effort in 1969-70. Title I funds continue to dominate; the estimated outlay for fiscal year 1976 is 51.1 percent of the total federal education spending for that year.

Expenditures under the Impact Aid program are dramatically different in their fiscal effect from those of Title I. Payments for "A" children largely aid districts with low property values and low median family incomes. "B" payments aid districts with low property wealth to a slightly greater extent than would be expected if they were randomly distributed but with much higher family income than average.3/ All parts of Impact Aid favor suburban districts to some extent.

2/ Ginsburg, Alan L., Patterns of Federal Aid to School Districts, Office of the Assistant Secretary for Planning and Evaluation, HEW, February 1975.

3/ The presence of Washington, D.C., suburban districts in this sample may distort the current picture of patterns of aid resulting from payments for "B" children (in this case, whose parents work but do not live on federal property). However, these districts are still receiving substantial payment as a result of "hold harmless" provisions in the 1974 amendments intended to ease them out of the Impact Aid program.

The distribution of vocational education funds is similar to that of Title I funds. Vocational education funds go most often to districts with lower median family incomes and districts in urban and rural areas, but slightly more frequently to districts with high property wealth than might be expected if they were randomly distributed.

The other state discretionary programs (those now a part of consolidated programs created by the 1974 amendments) slightly favor suburban, middle income, middle wealth districts. The education for the handicapped program was not separately analyzed in the HEW report.

Fiscal Substitution. The degree to which federal dollars add to, rather than substitute for, state or local spending is an important measure of the effect of federal spending. If the funds from a grant do not supplant state and local resources, each additional federal dollar received by a district will result in an additional dollar of total spending. If the addition of a federal dollar results in more than a dollar of non-federal spending, some federal fiscal influence is exerted; if less than a dollar increase results, federal dollars have replaced other funds that were previously expended, would have been expended in the absence of federal support, or would have to be raised through other revenue sources.

Recent studies on spending for education and other domestic programs indicate that matching grants stimulate the greatest amount of local spending, particularly if the matching rate increases with increases in local funding. Straight aid appears to be the most highly supplanting form of grant assistance.

The degree to which this general observation is applicable to federal education programs is not clear. Matching grants are most effective in stimulating expenditures when they are applied to program areas in which services have previously been minimal or to amounts above current levels of state and local expenditures, and when the total amount of federal funds which can be expended through matching is not limited. These conditions are not met by any of the current federal education programs.

Another unusual characteristic of education programs is that most grant funds are provided with the stipulation that non-federal support not decrease as a result; this is called "maintenance of effort." The degree to which this restriction is successful is uncertain, however. Federal definition does not require maintenance of effort at real levels of services, but only at nominal

(actual dollar) levels, measured on a per pupil basis or on a total basis, whichever is more advantageous to the district. In addition, some programs may fall as much as 5 percent in nominal terms over a project grant period before the restriction is violated. Because local spending effort is not indexed to increases in prices and wages, expenditures from non-federal sources can be held constant in nominal terms while federal dollars finance the increases in spending necessary to maintain real levels of support. Additional local dollars either need not be raised or can be spent elsewhere. In periods of high inflation, savings to districts--legally achieved but contrary to Congressional intent to add to the level of services--can be substantial.

Title I is a particularly good case to examine because spending restrictions are strongly written and because there is good direct evidence of its fiscal effects. Research in the final stages of preparation for the Compensatory Education Project of the National Institute of Education by Professor Martin Feldstein of Harvard University indicates that each Title I dollar allocated to a school district results in about 67 cents in additional total expenditures on compensatory programs. That is, about one-third of the Title I funds go either to non-compensatory programs or to local tax relief. While 67 cents is not quite a dollar, this additional contribution to total expenditures is far greater than many critics of the program have alleged. The same study found that a dollar of unrestricted and unmatched state foundation grant money resulted in only 19 cents of additional total spending.

The degree to which federal programs other than Title I result in expenditure patterns more like Title I than unrestricted state grants is uncertain. The fact that the restrictions on the other programs are far less stringent than those on Title I would seem to indicate that they are less likely to be as fiscally effective, but probably not as weakly stimulative as the unrestricted state foundation grants examined in the Feldstein study.

Effect of Federal Funds on Resource Allocation Decisions. Two questions relating to resource allocation decisions seem appropriate at this point. First, do federal dollars affect non-federal support for education programs? And second, how do districts spend additional discretionary dollars beyond their base budgets?

Unfortunately, there have been few systematic analyses of the effects of individual federal programs on local support for programs in the same educational area. The vocational education program is a good illustration of the way in which this lack of information can hinder the Congressional decision-making process. One of the most widely held beliefs about vocational education is that each federal dollar attracts a substantial number of additional state and local dollars. One assertion of those seeking additional federal funds for vocational education is that each federal dollar is really worth five or six total vocational dollars. While it is true that initial federal expenditures from the Vocational Education Act of 1963 provided an impetus to state and local spending in the same area, there is little evidence to support the assertion that there has been any direct federal leverage over state and local decisions on spending levels since the initial impact of the legislation.

State and local agencies spend about two dollars for every federal dollar for special vocational programs for the disadvantaged; there is some question as to whether they have been supporting special programs for the handicapped at even a rate of 1:1. 4/ Federal vocational education dollars are, for the most part, commingled with state and local funds and are therefore subject to state and local spending decisions. Intrastate allocation of federal funds to types of curricula and to districts is left to the discretion of state policy makers, and the level of federal funding appears to have little direct relationship to state and local spending. The Congressional mandate for increased participation by persons and groups not in education professions in the state decision-making process grew out of concern about the lack of federal influence on state and local spending.

An answer to the second resource allocation question about the way local districts spend additional discretionary money is provided in a study by Stephen Barro and Stephen Carroll of RAND for NIE. 5/ Barro and Carroll examined the way in which school district spending patterns changed when budgets were increased.

4/ General Accounting Office, "What is the Role of Federal Assistance for Vocational Education?" Report No. MWD 75-31, December 31, 1974.

5/ Barro, Stephen M., and Stephen J. Carroll, Budget Allocation by School Districts: An Analysis of Spending for Teachers and Other Resources, Santa Monica: RAND, R-1797-NIE; December 1975.

They found that while increments above base-year levels were largely spent on teachers, the amount so distributed was proportionally less than in the base budget and was more often used to reduce class size than to increase salaries. They also found that dollars were directed in greater proportion than in the base budget to one-time or limited duration expenditures for such things as specialists, supplies; and equipment. Spending on administrative personnel was also proportionally less than in the base budget. These findings are consistent with other related studies.

EDUCATIONAL EFFECTS

With the exception of the Impact Aid program, direct federal efforts in elementary-secondary education have been designed to stimulate education services of a particular kind and often for particular groups. Some, such as vocational education or library resources, are designed to encourage expenditures in broadly defined areas while leaving much discretion as to content or form to local administrators. In other programs, such as Title I, students with certain characteristics are selected as the targets of particular types of services. Consequently, our examination of the success of these programs will necessarily vary according to the particular goals of each program. 6/

ESEA Title I. In assessing the effectiveness of Title I, it is important to determine first of all if the students for whom the services were intended are actually receiving them. Second, it it important to ask if the services provided are consistent with the goals of compensatory education. And third, it is appropriate to assess the extent to which the services are working; that is, if they are improving the performance of recipient students on reading or mathematics tests, fostering a greater sense of self-confidence and a more positive attitude toward learning, etc., as appropriate to the individual program.

6/ The Office of Education has recently published a collection of evaluations of its programs. See "Annual Evaluation Report on Programs Administered by the U.S. Office of Education, Fiscal Year 1975" for a more detailed examination of these programs and a bibliography of relevant evaluation studies.

While researchers have asked these questions repeatedly during the last ten years, most older studies have not been comprehensive enough to provide a basis for major program adjustments. Since 1972, however, the Office of Education has funded a series of studies of the Title I program by the Educational Testing Service (ETS) and RMC Research Corporation which has resulted in sixteen volumes on various aspects of the program. A nationally representative sample of 543 elementary schools was selected on the basis of their socio-economic characteristics, the number of students, and geographic location. Intensive study was also conducted on information from a subsample of 266 schools, including data on compensatory programs funded from non-federal sources. All students in the subsample schools in grades 2, 4, and 6 were tested for reading ability in the early fall and in the late spring, and information on student background and program costs were obtained during the year. Analysis of these data has substantially increased our ability to answer some key questions about the Title I program.

Who receives Title I services? While there is some controversy over whether Title I services are intended for economically disadvantaged or educationally disadvantaged pupils (see footnote, p. 6), those who fall in both categories are clearly a high priority. The studies mentioned above found that schools receiving Title I funds had greater concentrations of students who scored low on standardized achievement tests. In Title I schools, 51 percent of fourth and sixth grade pupils were reading one or more years below grade level compared with 37 percent in schools with compensatory programs funded from non-federal sources. Of the students participating in Title I compensatory programs, 64 percent were also participating in the free lunch program, selection for which is based on family income. A greater proportion of participants in Title I programs were non-white than in other non-federal compensatory programs.

Are Title I services supplementary, as intended? Resources allocated to compensatory students were greater in every case than those allocated to non-compensatory students in schools either with or without Title I programs. As classes became smaller or more heavily concentrated with compensatory students, resources per pupil increased. Title I students were also more likely to be enrolled in small (and expensive) specialized reading groups.

Are Title I students experiencing achievement gains? During a school year, Title I students on average seem to gain on non-compensatory students in the number of correct responses on reading tests. One of the methods chosen by researchers at ETS to express these changes was to compute the number of correct responses by compensatory students as a percent of the number of correct responses by non-compensatory students. Gains during a school year averaged five points at the fourth and sixth grade levels. For example, compensatory students increased their number of correct responses from 70 percent to 75 percent of the correct answers of students in schools without compensatory programs at the fourth grade level and 13 percentage points at the second grade level. There is some evidence that Title I students who have gained in ability during a school year lose some of their gains during the summer; a study of this question is in progress.

Do Title I programs improve student attitudes toward learning? In contrast to earlier analysis of data from the 1966 Equality of Educational Opportunity Survey which found disadvantaged students progressively more fatalistic about the benefits of education as they proceeded through the schooling process, ETS researchers found that "compensatory students become increasingly more favorable towards themselves as readers and in their liking for reading activities and improve more in those attitudes than do non-compensatory students (within each of grades 4 and 6 only). As a result they come to equal or surpass their peers in this regard by the close of the academic year." 7/

These ETS conclusions do not necessarily lead to unquestioning support of Title I programs, but they do indicate that Title I is more successful than was previously believed.

Education for the Handicapped. The federal involvement in the education of handicapped students is in the process of substantial change. Formerly, funds were available for a variety of special efforts, including searching for and identifying previously unserved students. A relatively small amount of support was also available for general services. Beginning in 1978 (advance funded

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7/ U.S. Office of Education, Office of Planning, Budgeting and Evaluation, "A Study of Compensatory Reading Programs: A Technical Summary," Washington, D.C., 1976, p. 42.

in the fiscal year 1977 appropriation) federal support for general services in the form of "entitlement" aid will dominate the total effort, although related efforts will continue. The new federal program was initiated because the present combination of federal, state, and local efforts to reach and serve all handicapped children with appropriate programs is ineffective. The full effect of this program will not be felt until 1982.

Vocational Education. The principal goal of vocational education is to improve the employment skills and resulting job opportunities of participating students. Unfortunately, there are a number of difficulties in examining these effects. Vocational educators usually measure program success by growth in enrollments, growth in completions, and the percentage of students looking for work who find jobs in their general area of training. While these factors are surely important, each is incomplete as a measure of success. Growth in enrollments and completions could result from a number of pressures unrelated to employment goals, including ease of coursework, the tracking system in some secondary schools, the perception that postsecondary education is losing its value in the labor market, pressure from counselors and teachers, etc. The number of students looking for work who find jobs related to their training ignores the considerable number of students who do not look for work because there are no jobs or because they feel the need to continue their education, of both.

More appropriate measures of program success would include the differences between vocational and non-vocational students in wage rates, the average time before job placement, and average hours and earnings during the first year or two. The fact that such data are not systematically collected is another difficulty in evaluating vocational education. Few of the studies using some or all of these measures have noted any differences in success in the job market between vocational education and general or academic students looking for work, and even those differences appear to vanish within five years. Perhaps significantly, study by the Research Triangle Institute found that the available manpower data are rarely used by vocational administrators and counselors to alter curricula to meet changing labor market demands or to improve job opportunities. In short, it is difficult to characterize vocational education and its federal support as either a success or failure.

Emergency School Aid. The major programs authorized under the Emergency School Aid Act (basic grants and pilot programs, together accounting for 79 percent of total ESAA expenditures) are currently the subject of a three-year evaluation study in a nationally representative sample of recipient school districts. This study, covering school years 1973-74, 1974-75, and 1975-76, will examine the cumulative effect of these programs in terms of ESAA's three objectives: reducing minority group isolation, encouraging the elimination of segregation and discrimination, and improving basic student skills. While the study is still in progress, in summarizing evaluations by the System Development Corporation, the Office of Education reports:

> ...preliminary evaluation results suggest that during the first year of local program implementation, both the Basic and Pilot Grants programs were effective in targeting funds and services at educationally needy school districts, schools, and students. Further, there is some indication that the resource allocation process has begun to have positive impact on the academic achievement of students in ESAA-funded school districts. Although those findings are encouraging, it should be noted that as initially proposed by the Administration and later enacted by Congress, the primary purpose of ESAA was to provide short term, emergency financial assistance to local school districts in the process of desegregating. Evaluation data and program operational experience clearly indicate that the program has encouraged little new desegregation and in only a very limited number of instances have ESAA funds been used to meet emergency needs associated with new or increased reductions in minority group isolation. This apparent failure to achieve the Act's primary objective is probably due to the state apportionment formula associated with the Basic and Pilot programs which requires funding school districts within each state that meet eligibility criteria regardless of the emergency nature of their need.8/

8/ "Annual Evaluation Report on Programs Administered by the U.S. Office of Education, Fiscal Year 1975," p. 176.)

Bilingual Education. The major federal effort in bilingual education (ESEA Title VII) provides funds for demonstration and training projects in a limited number of school districts. In a recent examination of the performance of funded programs, the General Accounting Office (GAO) concluded that

> Because adequate plans were not made to carry out, evaluate, and monitor the program, the Office of Education has progressed little toward
>
> - identifying effective ways of providing bilingual education instruction,
> - training bilingual education teachers, or
> - developing suitable teaching materials.
>
> No comprehensive information is available on the program's effect on students' academic progress, but the Office of Education has contracted for a national evaluation on this.
>
> Local project evaluation reports have been inadequate and of little use to local and federal decision-makers. Further, it is questionable whether available testing instruments are appropriate for the target population.

However, the GAO pointed out that

> Because the 16 projects represent only a small fraction of all projects in the program, the results of GAO's analyses are not necessarily representative of the entire program.

In examining the secondary purposes of bilingual education, GAO found that

> Project personnel believed non-academic benefits to the students included enhanced self-image and improved attitudes toward school. Reactions of parents of participants were generally favorable.

Further study of this program is in progress, and the Office of Education is working with the National Institute of Education to formulate a plan for developing effective bilingual institutional methods.

LONG-TERM INCOME EFFECTS

The ultimate goal of most education programs is to improve the post-school opportunities of students. Some programs, such as vocational education, occur close to the point at which a student enters the labor force and their effects can be directly measured. But for the many federal programs, especially those targeted at preschool or elementary students, these effects are extremely difficult to measure, not only because data are not collected on recipient students as they proceed through school but also because the influence of other non-measurable factors may be overwhelming. All long-range examinations of which we are aware attempt to estimate only the effects of schooling per se on lifetime earnings. These studies, particularly those showing a strong tie between more schooling and greater earnings, provided the initial emphasis for federal involvement in programs for those who might otherwise not receive educational services. However, the effects of these federal responses remain unknown.

CHAPTER III. ALTERNATIVE FEDERAL ROLES

From the variety of options available to the Congress in elementary-secondary education, the Congressional Budget Office has chosen a representative sample of possible alternative general directions which have been proposed in recent years. We have grouped them as follows:

- o Current Policy Base. Current levels of program support (using fiscal year 1977 as a base) are inflated for projected cost changes during fiscal years 1978-82.

- o Impact of Current Legislation. Added to the current policy base are increases in education for the handicapped in line with the intentions of Public Law 94-142.

- o Changes in Categorical Aid. Two changes in the level and distribution of support for categorical aid are considered as examples of the many possible alternatives. The Title I program, in which services to a substantial number of the children identified in legislation as needing them are not being provided, is examined for the costs and effects of possible funding increases. The Impact Aid program, from which substantial savings could be realized, is examined for the effects of changes in the level and distribution of support.

- o Program Consolidation (Funding Simplification). Three degrees of program consolidation are examined for their effect on current operations.

- o New Initiatives. Three possible new initiatives have received national attention in recent years. This paper examines the possible federal role in school finance reform, in the provision of universal preschool services, and in general assistance to education.

CURRENT POLICY BASE

Current policy is defined here as current dollar commitment to each program and is provided as a base. To continue current policy implies that anticipated increases in support for education for the handicapped or other programs would not occur. Table 5 lists the

TABLE 5.
CURRENT POLICY BASE AND PROJECTED COST OF CURRENT POLICY FOR FISCAL YEARS 1978-1982, IN MILLIONS OF DOLLARS

	Fiscal year 1977 BASE	Fiscal year 1978 BASE	Fiscal year 1979 BASE	Fiscal year 1980 BASE	Fiscal year 1981 BASE	Fiscal year 1982 BASE
In Budget Subfunction 501						
ESEA Title I	2,285	2,422	2,571	2,733	2,911	3,117
Bilingual Education	115	122	129	138	147	157
Support and Innovation	194	206	218	232	247	265
Impact Aid	793	841	892	948	1,010	1,082
Emergency School Aid	275	291	309	329	350	375
Handicapped Education	468	496	526	559	596	638
Vocational Education	579 a/	613	651	692	737	789
Head Start	475	504	534	568	605	648
Indian Education (OE and BIA)	294	312	331	352	375	401
Other 501 a/	236	250	266	282	301	322
In Budget Subfunction 503						
National Institute of Education	90 b/	95	100	105	111	117
Libraries (K-12 portion)	154	162	171	180	190	201
Special Projects and Training	47	50	53	57	61	65
TOTAL	6,005	6,363	6,752	7,175	7,640	8,176

a/ Includes Right to Read, Follow Through, miscellaneous curricula support, Adult Education, child abuse, Office of Child Development research and demonstration, and the American Printing House for the Blind.

b/ Estimated appropriations based on the Second Concurrent Resolution on the Budget. Fiscal year 1977 base for vocational education includes funds only for 1977-78 school year.

programs which make up current policy and their fiscal year 1977 appropriation. In the cases where fiscal year 1977 appropriations are incomplete due to lack of authorizing legislation (parts of vocational education and National Institute of Education), an estimate was based on the Second Concurrent Resolution on the Budget using detailed program allocations of the House Budget Committee. Table 5 also projects the costs of current policy for the next five fiscal years. The projection inflators for these programs were developed by the Congressional Budget Office using quarterly education cost data from the Bureau of Economic Analysis of the Department of Commerce and are based on the economic assumptions for fiscal years 1978-1982 contained in "Five-Year Budget Projections, Fiscal Years 1978-82."

The major effects of current policy have been previously described. However, one additional indirect effect is implied by retaining current funding patterns. In the Education for All Handicapped Children Act of 1975 (P.L. 94-142), Congress mandated that states provide a free and appropriate education for all handicapped children. If this goal were fully implemented today with exemplary programs in all states an estimated additional $9-10 billion of total resources would be necessary. That is, not withstanding the outcome of its own appropriations process, Congress has mandated that participating states either find additional state and local resources or reallocate currently available state and local funds to accommodate these students.1/

IMPACT OF CURRENT LEGISLATION

One prominent option, considered by some to be a part of the current federal commitment to education, embodies the funding increases in education for the handicapped anticipated in Public Law 94-142. Under the provisions of that law, all states accepting federal funds are required to provide a "free, appropriate education" to all handicapped children. By 1982, the federal government could provide a grant based on the number of children served of up to 40 percent of the average per pupil expenditure on regular education services. These grants could total over $3 billion annually when the program is fully implemented. Table 6 illustrates the budgetary impact of pursuing this policy.

1/ The P.L. 94-142 mandate begins in 1977, but goes only to those states which accept funds under the Act; a non-participating state is not affected by the 1975 legislation.

TABLE 6.
IMPACT OF FUNDING CURRENT LEGISLATION FOR EDUCATION FOR THE HANDICAPPED FOR FISCAL YEARS 1978-1982, IN MILLIONS OF DOLLARS

	1978	1979	1980	1981	1982
Current Policy Base	6,363	6,752	7,175	7,640	8,176
Changes to Accommodate Public Law 94-142	+444	+851	+1,952	+2,772	+2,750
TOTAL	6,807	7,603	9,127	10,412	10,926

CHANGES IN LEVELS OF CATEGORICAL AID PROGRAMS

The number of changes that could be made to the current categorical programs in elementary-secondary education are perhaps unlimited. From among the possibilities the Congressional Budget Office has selected one that illustrates ways in which current efforts could be altered to serve to a greater extent those children the Congress has identified as needing special assistance, and one which illustrates changes that would result in budgetary savings with minimal impact on program operations.

ESEA Title I. The present Title I legislation and the regulations implementing it emphasize the concentration of compensatory education services in schools with the greatest numbers of disadvantaged pupils within a district. Given limited resources, the Congress felt that high priority should be given to schools with the greatest "need," that is, the greatest concentrations of children from low income families. In order to make this principle operational, states, counties, and, subsequently, districts, were allotted Title I funds on the basis of the number of children from low income families in their schools. Within a district, the schools with percentages of children from low income families greater than the district average are eligible to receive Title I assistance.[2/] Within a Title I school, those children who read

2/ If the district-wide average is greater than 30 percent, districts may designate as eligible all schools serving more than 30 percent low-income pupils.

one and a half or more years below grade level may be selected to participate in the program regardless of family income. In fiscal year 1976 nearly $2 billion dollars was distributed in this manner to programs for about 5.5 million children. However, nearly an equal number of eligible children may have been excluded from the Title I program for one of three major reasons: they were enrolled in a Title I school with insufficient funds to fully serve all of the eligible children; they were enrolled in a district with insufficient funds to operate programs in all Title I eligible schools; or they were not enrolled in a Title I eligible school. Because of the way in which the funds are distributed, no amount of funding, however substantial, will allow any children in the third category to receive services, but funding increases could help to provide services to children excluded for either of the first two reasons.

Preliminary analysis of data being collected by the Compensatory Education project of the National Institute of Education indicates that between 50 and 70 percent of eligible children in eligible schools are being served at the present level of funding. If additional dollars were spent at the current dollar level per child, up to approximately $1.2 billion (in fiscal year 1977 dollars) of additional assistance to the program would result in more children being served. Additional funding beyond this level without altering distribution formulas would increase resources per student. Table 7 presents a sample budget allowing real growth in Title I appropriations of $300 million per year (in fiscal year 1977 dollars) during the four fiscal years in the period 1978-81. This growth would accommodate approximately 850,000 new children per year and would result in a total of about nine million children being served by the end of school year 1982-83.

TABLE 7.
CHANGES FROM CURRENT POLICY TO INCREASE ESEA TITLE I AID, IN MILLIONS OF DOLLARS

	1978	1979	1980	1981	1982
Current Policy Base	6,363	6,752	7,175	7,640	8,176
Changes to Increase ESEA Title I	+318	+656	+1,015	+1,397	+1,496
TOTAL	6,681	7,408	8,190	9,037	9,672

Impact Aid. The desirability of federal expenditures under the Impact Aid program has been much discussed in recent years. The majority of payments are for children whose parents live and work on federal, tax exempt property ("A" children) and for children whose parents live or work on federal property ("B" children). Fiscal year 1977 appropriations were $251 million for "A" children and $357 million for "B" children. Among the possible ways in which savings could be realized in this program, elimination of payments for "B" children is frequently suggested.3/ Table 8 illustrates the budget savings that would result during fiscal years 1978-82 from elimination of payments for "B" children. The General Accounting Office estimates that about "55 percent of the LEAs analyzed (in its recent study) would require an increase of less than 5 percent in property taxes, and another 21 percent would require an increase of 5 to 10 percent" as a result of loss of "B" funds. GAO also estimates that "an increase of less than $50 in annual local property taxes on homes with a market value of $40,000 would

3/ A more comprehensive examination of the operations of the current program as well as the possible savings resulting from seven changes less radical than the one discussed here can be found in a recent report by the General Accounting Office. See "Assessment of the Impact Aid Program," October 15, 1976, GAO report number HRD-76-116.

result. . .for 81 percent (of the LEAs)" without their "B" funds. The total savings to the federal government during the next five years would be $2.1 billion.

TABLE 8.
CHANGES FROM CURRENT POLICY RESULTING FROM ELIMINATION OF IMPACT AID "B" PAYMENTS FOR FISCAL YEARS 1978-1982, IN MILLIONS OF DOLLARS

	1978	1979	1980	1981	1982
Current Policy Base	6,363	6,752	7,175	7,640	8,176
Changes to Eliminate Impact Aid "B" Payments	-375	-396	-417	-439	-465
TOTAL	5,988	6,356	6,758	7,201	7,711

PROPOSALS FOR PROGRAM CONSOLIDATION (FUNDING SIMPLIFICATION)

A number of proposals that would alter the categorical nature of federal aid to elementary-secondary education have been made in recent years. Each of these proposals emphasizes, in varying degrees, a reduction in the amount of administrative paperwork required of states and LEAS in applying for grants and an increase in state and local flexibility in the use of funds, while maintaining some degree of federal influence. Three recent legislative proposals, each implying different degrees of state or federal control and different probable impacts on current programs, illustrate the variety of options available to the Congress.

The least comprehensive form of consolidation might combine several categorical programs aimed at the same general area into a single categorical program whose federal administrative component is substantially unchanged. Amendments to the Vocational Education Act proposed by the House in the last Session of Congress and enacted in major part in Public Law 94-482 are a good example of this limited type of change. All previously separate authorities for various vocational programs (except those for home economics and for bilingual students) are authorized under a basic state grant. This consolidation reduces the number

of grant applications or state plans that must be submitted; allows each state flexibility as to which vocational curricula it will offer, and yet retains substantially the same amount of federal oversight in insuring that state use of the funds is consistent with Congressional intent. Similar simplification of other categorical programs (for example, compensatory education) could be made and would have no budget impact.

A second type of change might be termed a "within purpose" consolidation and is exemplified by a Senate bill introduced by Senators Domenici and Bellmon (S. 3849, 94th Congress, 2nd Session; to be reintroduced in the 95th Congress). This proposal is optional to the states and, for those that chose to participate, would combine various programs aimed at the same population group into a single grant. (Separate authorizations and appropriations would remain in effect for those states that did not choose consolidation.) For example, a grant for programs aimed at educationally deprived children would consolidate authorities now provided under ESEA Title I (basic LEA grants, incentive grants, and programs for neglected or delinquent children and for migrant children), School Assistance in Federally Affected Areas Low Rent Housing payments, Head Start, and Follow Through. Similar consolidations would be made for programs aimed at handicapped children (including set-asides in larger grants); bilingual children (again, including set-asides); and for special emphasis projects (including the previously consolidated ESEA Title IV grants, special projects grants, the Teacher Corps, and Right to Read). An optional title would consolidate vocational and adult education, consumer education, adult correctional programs, and Title I of the Comprehensive Employment and Training Act (CETA).

This legislation would insulate, one from another, programs aimed at different special needs populations, assure each program of at least as much aid as previously provided under the separate authorities, and retain the supplementary nature of federal assistance. Because each current categorical program is separately appropriated and the total available to a state selecting the consolidation option computed thereafter, any increases in funding for a particular program (such as education for the handicapped) would be directly reflected in the appropriate consolidated grant. States would have the flexibility to emphasize one part of the target population or one program over another, according to needs or interests. However, this consolidation would not change the total required administrative oversight of program operations; it would simply transfer much of the oversight to the states (and provide

financial support for that activity), thereby strengthening the states' role relative to that of the federal government and the LEAs. The bill would provide an incentive payment of 10 percent and a planning grant of up to one percent to the states that chose to participate. The added cost of this bill over the next five years if all states participate by fiscal year 1982, if the full incentive payment is funded, and if current policy is otherwise pursued, would be $1.7 billion.

TABLE 9.
CHANGES FROM CURRENT POLICY TO IMPLEMENT DOMENICI-BELLMON BILL FOR FISCAL YEARS 1978-1982, IN MILLIONS OF DOLLARS

	1978	1979	1980	1981	1982
Current Policy Base	6,363	6,752	7,175	7,640	8,176
Changes to Implement Domenici-Bellmon	+132	+234	+349	+451	+567
TOTAL	6,495	6,986	7,524	8,091	8,743

A third and even more comprehensive consolidation is found in President Ford's Financial Assistance for Elementary-Secondary Education Grants proposed in 1976. These grants would eliminate direct federal participation in 27 education programs, chief among them ESEA Title I, education for the handicapped, and vocational and adult education. The total amount of these grants would be slightly greater than the sum of those it replaces and each state would be allocated approximately the same total amount it now receives. The proposal also transfers to the states the responsibility for administering the block grant and any programs which its funds support.

This proposal would minimize federal involvement in elementary-secondary education but would also alter substantially the nature of services now funded by federal dollars. First, the requirement that federal funding be supplementary would be removed, increasing the likelihood that federal funds would be used to supplant state and local monies. Second, the proposal would require states to choose among programs of widely varying purposes, targeted at different population groups, and

controlled by different decision-making bodies. The effect might be to reduce substantially or even eliminate programs the Congress had previously enacted to address special perceived needs. For example (and especially if funding is held constant in real terms), a single grant would compel states to choose between the handicapped, who currently receive a small amount of total federal aid but whom the states are under Congressional mandate (and in some cases, court orders) to fully serve within the next five years,[4/] and the disadvantaged, toward whom the bulk of federal spending has been directed but who are, relative to the handicapped, unprotected from service cuts by legal mandates. Finally, this proposal, unlike the other two consolidation proposals, does not allow substantial opportunity for federal audit and may weaken the ability of Congress to insure accountability for its spending. There is no necessary budget impact of this proposal.

NEW INITIATIVES

A number of new initiatives expanding federal involvement have been proposed since the adoption of the Elementary and Secondary Education Act in 1965. Three of the most prominent are examined here: federal funding to reform school financing; federal support for universal preschool; and general federal aid to education.

All of these options cannot be successfully pursued simultaneously under any reasonable set of expectations about the amount of funds that will be available in the near future. To fully fund the education for the handicapped program by 1982, and to meaningfully assist the states in equalizing education expenditures among the districts, and to initiate universal preschool, for example, would more than double the federal education budget in real terms in 1982. Federal funding must make up a substantial share of the total funding for any area of elementary and secondary education programs if it is to make a positive change in that area and to avoid raising false expectations. If there is no serious commitment to a substantial and continuing amount of federal funding, the potential improvement in such an area will be negligible.

School Finance Reform. One of the most pressing concerns of policymakers in education today is the degree of disparity in the resources available to students among the school districts within a state. In

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4/ See footnote 1 of this Chapter.

recent years the courts have increasingly noted that the level of educational services provided to a child is largely dependent on the wealth of the district in which he or she lives. Parents in districts with a low taxable property base are forced to set high tax rates in order to provide minimal services, while those in property-rich districts can often provide exemplary programs with a low tax effort. Some states are under court order to alter the means by which public education is funded, and pressure for reform is increasing in other states.

One initiative the Congress may wish to pursue would involve assisting the states by providing funds for school finance reform. This assistance could be given in a variety of ways, many of which have been embodied in legislation introduced during the past four years. Each incorporates in varying degrees one of two general types of goals or standards for measuring the success of a state's reform measures, and hence the effectiveness of federal dollars. One goal, measured by an expenditure standard, would reduce the interdistrict spending disparities within each state. A different, though related, goal, measured by a fiscal neutrality standard, is to reduce disparities in revenue raising capabilities.

An example of a way in which funds might be provided for expenditure equalization is found in a House of Representatives bill (H.R. 16, Title II; 94th Congress, 1st Session). Under this proposal states that chose to undertake equalization efforts would be provided substantial unrestricted financial assistance ($200 per child in average daily membership during the first fiscal year of participation, rising to $600 per child in the fifth year and thereafter). This bill would require states to certify that interdistrict variance in per pupil expenditures did not exceed 10 percent, but would leave to the states the choice of means to accomplish that goal.5/ The differences among the states in per pupil expenditures would not necessarily be affected by this proposal. If the program embodied in H.R. 16 were fully implemented today, its annual costs would be in excess of $25 billion.

An expenditure standard, such as the one in H.R. 16, would substantially restrict local control over the level of educational services it can offer (as measured in per pupil expenditures compared to other districts in the state). It would also force states that had already selected a fiscal neutrality standard by which to measure the success of their reform legislation to substantially alter their efforts in mid-stream in order to receive federal equalization funds.

5/ This 10 percent variance would exclude the additional costs associated with programs for children with special needs and for districts operating under unusual circumstances, such as in sparsely populated areas.

A second method, also proposed in various pieces of legislation, would concentrate on improving revenue raising mechanisms. The least restrictive of these measures would simply tie federal assistance to an increase in the state share of total educational revenues (and a corresponding decrease in reliance on local revenues) or emphasize the improvement of the property tax as a mechanism for financing schools. Proposals more directly aimed at school finance reform would assist the states in directing aid to districts with weak financing bases. The success of these measures would be gauged by a fiscal neutrality standard, a measurement of the proportion of total educational resources in a state or LEA that is financed from the wealth of the state as a whole rather than from a local tax base. The neutrality standard is more difficult to define precisely than the expenditure standard. Once established, however, it would retain local flexibility in decisions on the resources to be used for education while reducing the financing burden of poorer districts.

A third proposal would provide enough federal assistance to aid the states in accomplishing school financing reform while leaving to them the selection of either an expenditure or fiscal neutrality standard. If the federal government were to provide enough funds under a program of this type to allow each state to raise the per pupil expenditures in the lowest 50 percent of its districts to the median state per pupil expenditure, about $3 billion (in fiscal year 1977 dollars) would be required.6/ Table 10 illustrates the impact on current policy of pursuing this option. If this proposal were phased in over the period 1978-80 and continued steady thereafter, its five-year cost would be $13.1 billion.

6/ This estimate is based on an HEW analysis of 1970 data, adjusted for changes in per pupil expenditures since that time. School finance reform efforts in the last several years may have reduced the amount now necessary. The Office of the Assistant Secretary for Planning and Evaluation in HEW is examining more recent data and should release its findings in 1977.

TABLE 10.
CHANGES FROM CURRENT POLICY TO PROMOTE SCHOOL FINANCE REFORM IN FISCAL YEARS 1978-1982, IN MILLIONS OF DOLLARS

	1978	1979	1980	1981	1982
Current Policy Base	6,363	6,752	7,175	7,640	8,176
Changes to Promote School Finance Reform	+795	+1,688	+2,691	+3,822	+4,092
TOTAL	7,158	8,440	9,866	11,462	12,268

Each of these proposals would reduce reliance on local property taxes in the financing of schools and would therefore substantially shift the financing burden to the states and the federal government. Because control over the distribution of resources would be left to the states, their role on the whole would increase as a result.

Universal Preschool. Currently, the majority of federal education funds go to services for children with high-cost needs in order to increase their educational opportunities to the level of the average child. A new direction might be to open up aid to all children through the initiation of universal preschool services.

Preschool assistance might take one of three general forms. First, tax credits might be made available to anyone who sends his or her child to preschool. Second, a categorical voucher program aimed at low income families might be introduced. Or third, direct aid might be given in the form of matching grants to LEAs to provide preschool services.

The federal government now provides preschool assistance of as much as $1 billion annually through two basic mechanisms. First, direct aid is provided to operate preschools through the Head Start program and through a small portion (about 6 percent) of the Title I program, both heavily targeted at disadvantaged children. (Head Start provides comprehensive services, some of which are not directly educational.) And second, tax credits are available to parents for child care expenditures, only some of which may be related to preschool attendance. Prior to the passage of the Tax Reform Act of 1976, families

meeting certain criteria were eligible for a deduction for child care expenditures, making those who utilize the standard deduction ineligible. The Act now provides for a credit of 20 percent (up to $400 for one dependent and $800 for two or more), and the credit is now available when both parents work part-time or when one parent is a full-time student and the other is employed full time, and when care is provided by relatives, as long as the wages paid to the relative are subject to the social security tax. These changes will assist an unknown number of families in the $7,000-15,000 range who formerly were better off taking the standard deduction than itemizing child care expenses, but who now may take both the standard deduction and the credit for such expenses. The changes will also aid high income taxpayers, who under the old law could not claim their child care expenses at all, but now can utilize the tax credit. No estimate of the net stimulative effect on preschool services is available, however.

Of the three general directions available for future programs, direct categorical programs are the most targeted form of aid, but also the most expensive per child. (Head Start children in full-year programs, for example, receive about $1,350 in resources, 80 percent of which is federally funded.) Tax credits appear to be less targeted (that is, they are available to all who qualify, though they are of greater proportionate assistance to those lower income families who have earnings large enough to pay taxes). Their stimulative effect on preschool enrollments is unknown. That effect could be increased by increasing the percentage of child care expenditures available as a credit but, again, the potential effect is unknown. And finally, a program of matching grants to LEAs specifically to provide preschool services is the least targeted but potentially the most stimulative mechanism.

Unlike other elementary and secondary education programs, consideration of preschool services is necessarily intertwined with discussions of federal welfare and child care policies. Preschool services, regardless of the financing mechanism, are only one of several means to an end. Other forms of child care, such as day care centers or in-home family day care, may be as effective from the child's point of view and are usually less expensive to the parent and to governmental sponsors. Researchers have found that children in cognitive or developmentally oriented programs such as preschool show increases in achievement levels over children in control groups not receiving such services. However, differences among the effects of various types of preschool services and differences between preschool and other services such as day care or in-home care have not been well examined. Studies that will examine these differences are currently under way.

Many of the possible options to increase services to young children, such as expanding tax credits for child care expenses or stimulating additional day care services, would not directly affect the elementary-secondary education portion of the budget but could have considerable overall budget impact. If, for example, LEAs were to provide pre-school education to all three and four year old children as a result of federal financial assistance provided on a 1:1 matching basis, the cost to the federal government would be $2.6 billion in fiscal year 1977 dollars annually (assuming 75 percent participation of eligible children and $1,000 per child per year, 50 percent of which would be borne by the federal government). Table 11 illustrates the effect of this program on current policy if implemented during fiscal years 1978-79 and continued thereafter. These figures do not include the indirect effects on related programs such as child nutrition, increased participation in which may result from more widespread preschool attendance.

TABLE 11.
CHANGES FROM CURRENT POLICY TO INITIATE UNIVERSAL PRESCHOOL IN FISCAL YEARS 1978-1982, IN MILLIONS OF DOLLARS

	1978	1979	1980	1981	1982
Current Policy Base	6,363	6,752	7,152	7,640	8,176
Changes to Initiate Universal Preschool	+897	+1,891	+2,987	+3,148	+3,330
TOTAL	7,260	8,643	10,162	10,788	11,506

General Aid to Education. Unrestricted assistance to states and LEAs could take a number of forms and involve an undetermined amount of money. One of the options would be to increase general revenue sharing (on the assumption that some share of the total would end up in school funds). The total federal, state, and local expenditures for education would probably not change, however; the federal share would simply increase and the state and local shares correspondingly decrease.

Another option would provide capitation grants, perhaps adjusted to account for cost differences among the states. One example is found

in Title I of H.R. 16 in which states would be provided $100 per child in basic support (reduced proportionately in states in which per pupil expenditures exceed 115 percent of the national average). The annual cost would be approximately $4 billion. This form of assistance would very likely supplant state and local resources to a great degree and, again, would not significantly increase total expenditures for education. Most aid of this type is by design untargeted and would consequently provide assistance regardless of need.

A suggestion frequently made is that the federal government assume one-third of the cost of elementary-secondary education. The reasoning behind this suggestion is not particularly clear; what is clear is that this would be not only a considerable departure from the current federal role in education but also a costly venture. Table 12 indicates the impact on the federal budget, assuming that the federal share of school financing increases evenly over the period fiscal years 1978-81 and is steady at one-third thereafter. These figures also assume that the current categorical programs would be included in the total federal contribution and that together they would amount to the one-third share.

TABLE 12.
CHANGES FROM CURRENT POLICY TO PROVIDE ONE-THIRD FEDERAL FINANCING FOR ALL ELEMENTARY-SECONDARY EDUCATION COSTS IN FISCAL YEARS 1978-1982, IN MILLIONS OF DOLLARS

	1978	1979	1980	1981	1982
Current Policy Base	6,363	6,752	7,175	7,640	8,176
Changes to Provide General Aid	+5,081	+10,622	+16,076	+23,358	+24,610
TOTAL	11,444	17,374	23,251	30,998	32,786

COST OF OPTIONS COMPARED WITH CURRENT POLICY BASE

Table 13 summarizes the impact of each of the above options on the current policy budget for the next five years. Any of these alterations to the current federal responsibility in elementary and secondary education can be pursued in combination and the resulting budgetary impact determined by adding the figures in the table.

TABLE 13.
CURRENT POLICY BASE AND BUDGETARY IMPACT OF ALTERNATIVE POLICIES FOR FISCAL YEARS 1978–1982, IN MILLIONS OF DOLLARS

	1978	1979	1980	1981	1982
Current Policy Base	6,363	6,752	7,175	7,640	8,176
Impact of Funding Level Changes:					
Funding Handicapped Act	+444	+851	+1,952	+2,772	+2,750
Increasing Title I Aid	+318	+656	+1,015	+1,397	+1,496
Eliminating Impact Aid "B" Payments	-375	-396	-417	-439	-465
Impact of Changes in Distribution of Funds:					
Within Program Consolidation	0	0	0	0	0
Domenici-Bellmon Consolidation	+132	+234	+349	+451	+567
President Ford's Education Grants Consolidation	0	0	0	0	0
Impact of New Initiatives:					
Assisting School Finance Reform	+795	+1,688	+2,691	+3,822	+4,092
Initiating Universal Preschool	+897	+1,891	+2,987	+3,148	+3,330
General Aid	+5,081	+10,622	+16,076	+23,358	+24,610

IMPACT OF OPTIONS ON DISTRIBUTION OF AID

By fiscal year 1982, with the exception of the various program consolidation proposals, implementing any of these options would alter the proportional distribution of federal aid among the various purposes described earlier. Table 14 shows these changes compared to current policy. Some proposals, such as those increasing Title I assistance or implementing the Education for All Handicapped Children Act, would increase the proportion of federal aid going to specified children in special programs. Significantly, all three new initiatives would substantially alter the federal role in elementary-secondary education. Both school finance reform and general aid would involve the federal government directly in the provision of general academic programs, a function it has not previously performed; initiating universal preschool services would treble the proportion of total federal aid going to the general student population in a specified type of program. Each option affects the funding commitment to only one purpose. However, by increasing or decreasing total federal funding, each option changes the proportional distribution of dollars among the five general categories of assistance.

TABLE 14.
DISTRIBUTION OF FUNDS BY PURPOSE IN FISCAL YEAR 1982--CURRENT POLICY AND OPTIONS, IN MILLIONS OF DOLLARS

	To Support Selected Curricula, Resources or Services		To Provide General Financial Support		To Support Research, Change, and Innovation	TOTAL
	For Specified Types of Pupils	For General Student Pop.	For Specified Districts	Unrestricted Aid		
1982 Current Policy Base	5,306	1,006	1,423	--	442	8,176
Total (Including Current Policy) Resulting from:						
Funding Handicapped Act	8,056	1,006	1,423	--	442	10,926
Increasing Title I Aid	6,802	1,006	1,423	--	442	9,672
Eliminating Impact Aid "B" Payments	5,306	1,006	958	--	442	7,711
Consolidation Proposals	No required budgetary change from current policy a/					
Assisting School Finance Reform	5,306	1,006	1,423	4,092	442	12,268
Initiating Universal Preschool	5,306	4,336	1,423	--	442	11,506
General Aid	5,306	1,006	1,423	24,610	442	32,786

a/ One consolidation proposal, that of Senators Domenici and Bellmon, authorizes an incentive payment which, if fully funded, would add $567 million to the fiscal year 1982 current policy budget. The distribution of this payment among the various federal education and training programs is left to the states.

Totals may not add due to rounding.

APPENDIX

APPENDIX AUTHORIZATION TERMINATION DATES AND APPROPRIATIONS (FISCAL YEARS 1976-1978) FOR SELECTED FEDERAL EDUCATION PROGRAMS

Program	Termination Date (as of Dec. 1976) b/	Appropriations a/ 1976	1977	1978 c/
Education of the disadvantaged—Title I, ESEA d/	September 30, 1978	$1,900,000,000	$2,050,000,000	$2,285,000,000
Education of the handicapped (Education of the Handicapped Act)	September 30, 1982 (Part B) September 30, 1977 (Other parts) e/	226,375,000	352,625,000	315,000,000 f/
Bilingual education (Title VII, ESEA)	September 30, 1978	96,170,000	115,000,000	--
Indian education (Indian Education Act)	September 30, 1978	57,055,000	44,933,000	--
School assistance in federally affected areas P.L. 81-815, construction	September 30, 1978 g/	20,000,000	25,000,000	--
P.L. 81-874, operations & maintenance	September 30, 1978 h/	684,000,000	768,000,000	--
Vocational education (Vocational Education Act)	September 30, 1982 i/	545,188,000	354,237,000 i/	497,316,000 j/

NOTES TO APPENDIX TABLE

a/ Excluded from the tables are the following appropriations for the Transition Quarter: July 1-September 30, 1976--

Education of the handicapped	10,500,000
School assistance in federally affected areas	70,000,000
Vocational education	135,790,000

Amounts included for fiscal years 1977 and 1978 are those actually appropriated (excluding continuing appropriations) as of December 1976.

b/ The authorization for each program may be automatically extended for one additional year under provisions of Sec. 414 of the General Education Provisions Act (Title IV, P.L. 90-247, as amended).

c/ For advance-funded programs only.

d/ ESEA: The Elementary and Secondary Education Act of 1965, P.L. 89-10, as amended.

e/ Except Part F, Instructional Media for the Handicapped, which is permanently authorized.

f/ For Part B: state grants only.

g/ Except for permanently authorized provisions under Sections 8 (additional payments), 9 (where effect of federal activities will be temporary), 10 (children for whom local agencies are unable to provide education).

h/ Except for permanently authorized provisions under Sections 3(a) (children of persons who reside and work on Federal property), 6 (children for whom local agencies are unable to provide education), and 14 (school construction assistance in other federally affected areas).

i/ Except Part B, Subpart 4, Emergency Assistance, which expires on September 30, 1981.

j/ For state grants, research, and state advisory councils only.

Source: Congressional Research Service, The Library of Congress.